

RICHTERSVELD

MUNICIPALITY



**MUNISIPALITEIT
RICHTERSVELD
MUNICIPALITY**

Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

FINANCIAL STATEMENTS

30 JUNE 2016

RICHTERSVELD MUNICIPALITY

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RICHTERSVELD MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Richtersveld Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Richtersveld Municipality includes the areas of Port Nolloth, Eksteensfontein, Kuboes, Alexander Bay, Sandrift and Lekkersing.

MUNICIPAL MANAGER

ME Basson (Acting)

CHIEF FINANCIAL OFFICER

ME Basson

REGISTERED OFFICE

Private Bag X113
PORT NOLLOTH
8280

AUDITORS

Auditor-General
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Tobie Kotze & Van Sitterts
Schreuders

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

COUNCIL OF THE RICHTERSVELD MUNICIPALITY

WARD

1
2
3
4
4
Proportional
Proportional
Proportional
Proportional
Proportional
Proportional

COUNCILLOR

WJP Links
A Bock (appointed 18/08/2016)
G Beukes
LR Ambrosini (resigned 10/08/2016)
CJ Stuurman (appointed 18/08/2016)
AM Jansen
EN Hausiku (resigned 10/08/2016)
CF de Lange Richter (resigned 10/08/2016)
T Swartbooi
R Jonker
SM Isaaks (appointed 18/08/2016)

RICHTERSVELD MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 93 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

ME Basson (Acting)
Acting Municipal Manager

Date

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R	2015 R
NET ASSETS AND LIABILITIES			
Net Assets		155 194 377	154 801 282
Capital Replacement Reserve	2	324 254	1 537 401
Housing Development Fund	2	536 350	588 102
Accumulated Surplus/(Deficit)		154 333 774	152 675 779
Non-Current Liabilities		20 340 116	14 336 445
Long-term Liabilities	3	2 641 807	296 231
Non-current Provisions	4	15 096 449	11 501 923
Non-current Employee Benefits	5	2 601 859	2 538 291
Current Liabilities		12 320 027	8 834 871
Consumer Deposits	6	898 029	862 497
Current Employee Benefits	7	2 294 028	2 054 180
Payables from exchange transactions	8	6 997 110	4 924 316
Unspent Conditional Government Grants and Receipts	9	1 092 381	289 547
Current Portion of Long-term Liabilities	3	1 038 479	704 331
Total Net Assets and Liabilities		187 854 520	177 972 598
ASSETS			
Non-Current Assets		181 692 245	172 667 334
Property, Plant and Equipment	12	135 306 177	126 189 880
Investment Property	13	46 184 253	46 188 026
Intangible Assets	14	201 815	289 428
Long-term Receivables	15	-	-
Current Assets		6 162 275	5 305 264
Inventory	16	210 435	124 069
Receivables from exchange transactions	17	1 504 698	1 119 040
Receivables from non-exchange transactions	18	1 750 937	375 420
Unpaid Conditional Government Grants and Receipts	9	174 291	-
Operating Lease Asset	19	5 009	8 546
Taxes	10	221 662	36 508
Current Portion of Long-term Receivables	15	-	-
Cash and Cash Equivalents	20	2 295 244	3 641 680
Total Assets		187 854 520	177 972 598

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R
REVENUE			
Revenue from Non-exchange Transactions		33 098 865	39 046 738
Taxation Revenue		9 162 926	7 792 078
Property Rates	21	9 162 926	7 792 078
Transfer Revenue		23 604 966	30 304 755
Government Grants and Subsidies	22	23 600 457	29 336 100
Public Contributions and Donations	23	4 509	968 655
Other Revenue		330 972	949 905
Fines		23 106	9 419
Actuarial Gains	5	-	940 486
Other	28	307 867	-
Revenue from Exchange Transactions		27 756 652	26 144 335
Property Rates - penalties imposed and collection charges		1 170 080	982 887
Service Charges	24	21 273 082	19 749 606
Rental of Facilities and Equipment	25	1 720 520	1 785 275
Interest Earned - external investments	26	390 007	325 454
Interest Earned - outstanding receivables	27	2 371 571	1 840 208
Licences and Permits		154 710	65 293
Income for Agency Services		418 258	364 532
Other Income	28	258 424	1 031 081
Total Revenue		60 855 517	65 191 073
EXPENDITURE			
Employee related costs	29	(21 028 626)	(18 833 825)
Remuneration of Councillors	30	(2 219 566)	(1 980 471)
Debt Impairment	31	(6 707 442)	(4 423 499)
Depreciation and Amortisation	32	(5 442 397)	(4 439 242)
Unamortised Discount - Interest		(4 469)	(29 131)
Actuarial Losses	5	(58 517)	-
Finance Costs	33	(1 164 156)	(1 119 790)
Bulk Purchases	34	(12 021 117)	(10 421 122)
Contracted Services		(1 683 430)	(2 029 962)
General Expenses	35	(12 499 546)	(13 552 090)
Total Expenditure		(62 829 267)	(56 829 132)
Operating Surplus for the Year		(1 973 749)	8 361 941
Gains/(Loss) on Sale of Assets	36	(35 772)	(47 201)
(Impairment loss)/Reversal of impairment loss	37	(434 435)	(356 455)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(2 443 956)	7 958 286

RICHTERSVELD MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Capital Replacement Reserve R	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2014	1 003 233	633 708	149 462 034	151 098 974
Correction of Error - Note 38.9	-	-	(4 255 978)	(4 255 978)
Restated balance	1 003 233	633 708	145 206 056	146 842 996
Net Surplus/(Deficit) for the year	-	-	7 958 286	7 958 286
Net Surplus/(Deficit) previously reported	-	-	9 499 340	9 499 340
Effects of Correction of Errors - Note 38.10			(1 541 054)	(1 541 054)
Transfer to/from CRR	761 969	-	(761 969)	-
Property, Plant and Equipment purchased	(227 800)	-	227 800	-
Transfer to Housing Development Fund	-	(45 605)	45 605	-
Restated balance	1 537 401	588 102	152 675 779	154 801 282
Net Surplus/(Deficit) for the year	-	-	(2 443 956)	(2 443 956)
Transfer to/from CRR	(462 443)	-	462 443	-
Property, Plant and Equipment purchased	(750 705)	-	750 705	-
Restatement of Property, Plant and Equipment	-	-	2 837 051	2 837 051
Transfer to Housing Development Fund	-	(51 752)	51 752	-
Balance at 30 June 2016	324 254	536 350	154 333 774	155 194 378

RICHTERSVELD MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		6 566 401	7 224 940
Service Charges		18 942 642	12 824 221
Other Revenue		2 890 932	5 483 358
Government - Operating		19 027 000	20 072 727
Government - Capital		5 202 000	10 606 995
Interest		390 007	2 165 662
Cash payments			
Suppliers and Employees		(47 621 234)	(49 705 062)
Finance costs		(94 500)	(190 162)
Net Cash from Operating Activities	39	5 303 248	8 482 679
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(5 957 396)	(10 304 367)
Purchase of Intangible Assets		(17 863)	(21 097)
Decrease/(Increase) in Non-Current Debtors		-	10 814
Net Cash from Investing Activities		(5 975 259)	(10 314 649)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits		35 531	42 520
Repayment of Borrowing		(709 956)	(1 145 912)
Net Cash from Financing Activities		(674 425)	(1 103 392)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 346 436)	(2 935 362)
Cash and Cash Equivalents at the beginning of the year		3 641 680	6 577 042
Cash and Cash Equivalents at the end of the year	40	2 295 244	3 641 680
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 346 436)	(2 935 362)

RICHTERSVELD MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2016	%
		R	R	R	R	R	R	R	
ASSETS									
Current Assets									
Cash		3 460 760	(2 017 576)	1 443 184	-	-	1 443 184	359 378	-75.10%
Call Investment Deposits		-	-	-	-	-	-	1 935 866	100.00%
Consumer Debtors		15 762 644	(3 315 553)	12 447 091	-	-	12 447 091	2 746 404	-77.94%
Other Debtors		-	-	-	-	-	-	910 193	100.00%
Current Portion of long-term receivables		-	-	-	-	-	-	-	-
Inventory		163 838	-	163 838	-	-	163 838	210 435	28.44%
Total Current Assets	43.2.1	19 387 242	(5 333 130)	14 054 112	-	-	14 054 112	6 162 275	43.85%
Non-Current Assets									
Long-term receivables		183 706	-	183 706	-	-	183 706	-	-100.00%
Investments		-	-	-	-	-	-	-	-
Investment Property		47 474 808	(1 000 553)	46 474 255	-	-	46 474 255	46 184 253	-0.62%
Investment in Associates		-	-	-	-	-	-	-	-
Property, Plant and Equipment		128 144 881	6 625 319	134 770 200	-	-	134 770 200	135 306 177	0.40%
Agricultural Assets		-	-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-	-
Intangible Assets		268 690	16 097	284 787	-	-	284 787	201 815	-29.13%
Other Non-Current Assets		-	-	-	-	-	-	-	-
Total Non-Current Assets	43.2.2	176 072 084	5 640 863	181 712 947	-	-	181 712 947	181 692 245	-0.01%
TOTAL ASSETS		195 459 326	307 733	195 767 059	-	-	195 767 059	187 854 520	-4.04%
LIABILITIES									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	1 038 479	100.00%
Consumer Deposits		904 022	-	904 022	-	-	904 022	898 029	-0.66%
Trade and Other Payables		11 060 777	10 215 607	21 276 384	-	-	21 276 384	8 089 491	-61.98%
Provisions		1 121 508	754 796	1 876 304	-	-	1 876 304	2 294 028	22.26%
Total Current Liabilities	43.2.3	13 086 307	10 970 403	24 056 710	-	-	24 056 710	12 320 027	-48.79%
Non-Current Liabilities									
Borrowing		292 082	-	292 082	-	-	292 082	2 641 807	804.47%
Provisions		10 948 492	4 059 720	15 008 211	-	-	15 008 211	17 698 309	17.92%
Total Non-Current Liabilities	43.2.4	11 240 574	4 059 720	15 300 294	-	-	15 300 294	20 340 116	32.94%
TOTAL LIABILITIES		24 326 882	15 030 122	39 357 004	-	-	39 357 004	32 660 143	-17.02%
NET ASSETS									
Accumulated Surplus/(Deficit)		169 973 504	(14 722 389)	155 251 115	-	-	155 251 115	154 333 774	-0.59%
Reserves		1 158 940	-	1 158 940	-	-	1 158 940	860 603	-25.74%
Minorities' Interests		-	-	-	-	-	-	-	-
TOTAL NET ASSETS	43.2.5	171 132 445	(14 722 389)	156 410 056	-	-	156 410 056	155 194 377	-0.78%

RICHTERSVELD MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2016 R	%
REVENUE									
Property Rates		9 232 309	-	9 232 309	-	-	9 232 309	9 162 926	-0.75%
Property Rates - Penalties & Collection Charges		1 078 323	-	1 078 323	-	-	1 078 323	1 170 080	8.51%
Service Charges - Electricity Revenue		11 540 435	(16 000)	11 524 435	-	-	11 524 435	9 672 785	-16.07%
Service Charges - Water Revenue		5 470 895	-	5 470 895	-	-	5 470 895	5 834 075	6.64%
Service Charges - Sanitation Revenue		3 195 354	-	3 195 354	-	-	3 195 354	2 680 594	-16.11%
Service Charges - Refuse Revenue		3 593 133	-	3 593 133	-	-	3 593 133	3 085 627	-14.12%
Service Charges - Other Revenue		-	-	-	-	-	-	-	-
Rental of Facilities and Equipment		2 354 118	-	2 354 118	-	-	2 354 118	1 720 520	-26.91%
Interest Earned - External Investments		400 148	-	400 148	-	-	400 148	390 007	-2.53%
Interest Earned - Outstanding Debtors		2 416 369	-	2 416 369	-	-	2 416 369	2 371 571	-1.85%
Dividends Received		-	-	-	-	-	-	-	-
Fines		6 861	-	6 861	-	-	6 861	23 106	236.77%
Licences and Permits		53 639	-	53 639	-	-	53 639	154 710	188.43%
Agency Services		400 685	-	400 685	-	-	400 685	418 258	4.39%
Transfers Recognised - Operational		18 380 547	-	18 380 547	-	-	18 380 547	18 238 941	-0.77%
Other Revenue		1 833 871	22 000	1 855 871	-	-	1 855 871	570 800	-69.24%
Gains on Disposal of PPE		100 000	-	100 000	-	-	100 000	(35 772)	-135.77%
Total Revenue (excluding capital transfers and contributions)	43.2.6	60 056 687	6 000	60 062 687	-	-	60 062 687	55 458 229	-7.67%
EXPENDITURE									
Employee Related Costs		18 954 673	1 190 100	20 144 773	-	-	20 144 773	21 087 143	4.68%
Remuneration of Councillors		2 796 275	(227 313)	2 568 962	-	-	2 568 962	2 219 566	-13.60%
Debt Impairment		5 000 000	-	5 000 000	-	-	5 000 000	6 707 442	34.15%
Depreciation and Asset Impairment		3 895 733	-	3 895 733	-	-	3 895 733	5 876 832	50.85%
Finance Charges		906 708	31 382	938 090	-	-	938 090	1 164 156	24.10%
Bulk Purchases		12 002 961	1 049 119	13 052 080	-	-	13 052 080	12 021 117	-7.90%
Other Materials		-	-	-	-	-	-	-	-
Contracted Services		24 420	13 297	37 717	-	-	37 717	1 683 430	4363.30%
Transfers and Grants		3 258 747	(77 360)	3 181 387	-	-	3 181 387	-	-100.00%
Other Expenditure		13 476 228	243 071	13 719 299	-	-	13 719 299	12 504 015	-8.86%
Loss on Disposal of PPE		-	-	-	-	-	-	-	-
Total Expenditure	43.2.7	60 315 745	2 222 297	62 538 042	-	-	62 538 042	63 263 702	1.16%
Surplus/(Deficit)		(259 058)	(2 216 297)	(2 475 355)	-	-	(2 475 355)	(7 805 472)	215.33%
Transfers Recognised - Capital		16 296 000	(7 543 000)	8 753 000	-	-	8 753 000	5 361 516	-38.75%
Contributions Recognised - Capital		-	-	-	-	-	-	-	-
Contributed Assets		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions		16 036 942	(9 759 297)	6 277 645	-	-	6 277 645	(2 443 956)	-138.93%
Taxation		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation		16 036 942	(9 759 297)	6 277 645	-	-	6 277 645	(2 443 956)	-138.93%
Attributable to Minorities		-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality		16 036 942	(9 759 297)	6 277 645	-	-	6 277 645	(2 443 956)	-138.93%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		16 036 942	(9 759 297)	6 277 645	-	-	6 277 645	(2 443 956)	-138.93%

RICHTERSVELD MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by- law) R	Final Budget R	Actual Outcome 2016 R	Actual Outcome as % of Final Budget %
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Taxation	10 310 632	-	10 310 632	-	-	10 310 632	6 566 401	-36.31%
Service Charges	14 871 557	3 315 553	18 187 110	-	-	18 187 110	18 942 642	4.15%
Other Revenue	3 864 232		3 864 232	-	-	3 864 232	2 890 932	-25.19%
Government - Operating	18 380 547		18 380 547	-	-	18 380 547	19 027 000	3.52%
Government - Capital	16 296 000		8 753 000	-	-	8 753 000	5 202 000	-40.57%
Interest	1 908 173	-	1 908 173	-	-	1 908 173	390 007	-79.56%
Dividends	-	-	-	-	-	-	-	
Payments								
Suppliers and Employees	(43 146 371)	(6 414 277)	(49 560 649)	-	-	(49 560 649)	(47 621 234)	-3.91%
Finance costs	-	-	-	-	-	-	(94 500)	100.00%
Transfers and Grants	(3 258 747)	(77 360)	(3 336 107)	-	-	(3 336 107)	-	-100.00%
Net Cash from/(used) Operating Activities	19 226 023	(3 176 084)	8 506 939	-	-	8 506 939	5 303 248	-37.66%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables	10 814	-	10 814	-	-	10 814	-	-100.00%
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	
Payments								
Capital Assets	(16 409 000)	6 356 116	(10 052 884)	-	-	(10 052 884)	(5 975 259)	-40.56%
Net Cash from/(used) Investing Activities	(16 398 186)	6 356 116	(10 042 071)	-	-	(10 042 071)	(5 975 259)	-40.50%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	
Increase/(Decrease) in Consumer Deposits	41 406	-	41 406	-	-	41 406	35 531	-14.19%
Payments								
Repayment of Borrowing	(704 770)	-	(704 770)	-	-	(704 770)	(709 956)	0.74%
Net Cash from/(used) Financing Activities	(663 364)	-	(663 364)	-	-	(663 364)	(674 425)	1.67%
NET INCREASE/(DECREASE) IN CASH HELD	2 164 472	3 180 032	(2 198 496)	-	-	(2 198 496)	(1 346 436)	-38.76%
Cash and Cash Equivalents at the year begin:	1 296 288	2 345 392	3 641 680	-	-	3 641 680	3 641 680	0.00%
Cash and Cash Equivalents at the year end:	3 460 760	5 525 424	1 443 184	-	-	1 443 184	2 295 244	59.04%

INSERT ACCOUNTING POLICY

Pages 12-48 - See Word Document

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R			
2. NET ASSET RESERVES					
RESERVES	860 603	2 125 504			
Capital Replacement Reserve	324 254	1 537 401			
Housing Development Fund	536 350	588 102			
Total Net Asset Reserve and Liabilities	860 603	2 125 504			
2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.					
2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.					
3. LONG TERM LIABILITIES					
Annuity Loans - At amortised cost	-	364 462			
Capitalised Lease Liability - At amortised cost	3 680 286	640 569			
	3 680 286	1 005 030			
Less: Current Portion transferred to Current Liabilities	(1 038 479)	(704 331)			
Annuity Loans - At amortised cost	-	(364 462)			
Capitalised Lease Liability - At amortised cost	(1 038 479)	(339 869)			
	2 641 807	300 699			
Plus: Unamortised charges on loans	-	(4 469)			
Balance 1 July	(4 469)	(33 600)			
Adjustment for the period	4 469	29 131			
Total Long-term Liabilities - At amortised cost using the effective interest rate method	2 641 807	296 231			
3.1 The obligations under finance leases are scheduled below:		Minimum payments			
Amounts payable under finance leases:					
Payable within one year	1 465 110	409 082			
Payable within two to five years	2 306 865	310 309			
Payable after five years	-	-			
	3 771 975	719 391			
Less: Future finance obligations	(91 688)	(78 822)			
Present value of finance lease obligations	3 680 286	640 569			
The capitalised lease liability consist out of the following contracts:					
Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Copiers	7% - 35%	0%	5 Years	30/04/2017
MTN	Samsung Tablets	9%	0%	2 Years	30/09/2016
Wesbank Corporate	Vehicles	10% - 13%	0%	5 Years	31/03/2017
Bidvest	Vehicles	8% - 14%	0%	3 Years	01/07/2019
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.					
Finance Leases are secured by property, plant and equipment - Note 12					
4. NON-CURRENT PROVISIONS					
Provision for Rehabilitation of Landfill-sites	15 096 449	11 501 923			
Total Non-current Provisions	15 096 449	11 501 923			

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
4.1 Landfill Sites		
Balance 1 July	11 501 923	10 846 320
Contribution for the year	854 516	655 603
Change in Provision for Rehabilitation Cost	2 740 010	-
Total provision 30 June	15 096 449	11 501 923
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	15 096 449	11 501 923

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Sanddrift	Port Nolloth	Kuboes	Eksteensfontein	Lekkersing 1	Lekkersing 2
Area (m ²)	18 000	151 200	10 500	19 200	8 000	10 450
Rehabilitation volume (m ³)	2 929	7 182	1 050	184	220	1 560
Fence (m)	540	250	670	120	360	100
Cost of fence (Rand)	329 400	152 500	408 700	73 200	219 600	61 000
Site Clearance (R70/m ³)	205 013	502 740	73 500	12 863	15 400	109 200
Excavation cost (R65/m ³)	601 106	905 306	115 313	59 859	51 450	232 800
Capping (R32/m ²)	576 000	4 838 400	336 000	614 400	256 000	334 400
Preliminary and general (Rand)	256 728	959 842	140 027	114 048	81 368	110 610
Fees and expenses (Rand)	411 825	735 879	322 354	302 437	277 382	299 801

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date		
Port Nolloth	2031	19 399 341	16 036 422
Kuboes	2021	1 868 020	1 254 885
Eksteensfontein	2036	3 774 180	2 495 607
Lekkersing 1	2031	2 159 776	1 328 662
Lekkersing 2	2021	1 536 030	918 350
Sanddrift	2026	4 262 345	2 218 138
		32 999 692	24 252 063

5. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	1 610 215	1 596 594
Provision for Long Service Awards	991 645	941 697
Total Non-current Employee Benefits	2 601 860	2 538 291

Post Retirement Health Care Benefits

Balance 1 July	1 746 642	2 500 626
Contribution for the year	136 611	243 512
Expenditure for the year	(155 387)	(145 270)
Actuarial Loss/(Gain)	43 077	(852 226)
Total provision 30 June	1 770 943	1 746 642
Less: Transfer of Current Portion to Current Provisions - Note 7	(160 728)	(150 048)
Balance 30 June	1 610 215	1 596 594

Long Service Awards

Balance 1 July	1 029 220	1 048 587
Contribution for the year	177 447	159 678
Expenditure for the year	(60 898)	(90 785)
Actuarial Loss/(Gain)	15 440	(88 260)
Total provision 30 June	1 161 209	1 029 220
Less: Transfer of Current Portion to Current Provisions - Note 7	(169 564)	(87 522)
Balance 30 June	991 645	941 697

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
5.1 Provision for Post Retirement Health Care Benefits		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	-	-
Continuation members (e.g. Retirees, widows, orphans)	3	3
Total Members	3	3
The liability in respect of past service has been estimated to be as follows:		
Continuation members	1 770 943	1 746 642
Total Liability	1 770 943	1 746 642
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2014 R	2013 R
In-service members	768 995	755 434
Continuation members	1 731 631	1 651 093
Total Liability	2 500 626	2 406 527
The municipality makes monthly contributions for health care arrangements to the following medical aid scheme:		
LA Health		
The Current-service Cost for the ensuing year is estimated to be R0, whereas the Interest Cost for the next year is estimated to be R144 177.		
Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	8.52%	8.17%
Health Care Cost Inflation Rate	7.71%	7.47%
Net Effective Discount Rate	0.75%	0.65%
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 65 years (males) and 60 years (females).		
iv) Expected rate of salary increases		
2016/2017 - average CPI (Feb 2015 – Jan 2016) + 1 per cent		
2017/2018 - average CPI (Feb 2016 – Jan 2017) + 1 per cent		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 770 943	1 746 642
Fair value of plan assets	-	-
	1 770 943	1 746 642
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	1 770 943	1 746 642

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 746 642	2 500 626
Total expenses	(18 776)	98 242
Current service cost	-	42 350
Interest Cost	136 611	201 162
Benefits Paid	(155 387)	(145 270)
Actuarial (gains)/losses	43 077	(852 226)
Present value of fund obligation at the end of the year	1 770 943	1 746 642

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2016

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption				
Central Assumptions	-	1.771	1.771	

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	-	1.907	1.907	8.00%
Health care inflation	-1%	-	1.649	1.649	-7.00%
Post-retirement mortality	-1 year	-	1.857	1.857	5.00%
Average retirement age	-1 year	-	-	-	-
Withdrawal Rate	-50%	-	-	-	-

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2017

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	-	144 200	144 200

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	-	155 800	155 800	8%
Health care inflation	-1%	-	133 800	133 800	-7%
Discount rate	1%	-	149 600	149 600	4%
Discount rate	-1%	-	137 500	137 500	-5%
Post-retirement mortality	-1 year	-	151 500	151 500	5%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rm	2015 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.057	(0.852)
Assets: Gain / (loss)		-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 Rm	2013 Rm	2012 Rm
Liabilities: (Gain) / loss	0.019	0.140	0.005
Assets: Gain / (loss)	-	-	-

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 108 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R115 744 whereas the Interest Cost for the next year is estimated to be R91 119.

	2016 %	2015 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	8.45%	7.96%
General Salary Inflation (long-term)	7.11%	7.05%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.25%	0.85%

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 161 209	1 029 220
Fair value of plan assets	-	-
	<u>1 161 209</u>	<u>1 029 220</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
	<u>-</u>	<u>-</u>
Net liability/(asset)	<u>1 161 209</u>	<u>1 029 220</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 029 220	1 048 587
Total expenses	116 549	68 893
Current service cost	98 918	86 815
Interest Cost	78 529	72 863
Benefits Paid	(60 898)	(90 785)
Actuarial (gains)/losses	15 440	(88 260)
Present value of fund obligation at the end of the year	<u>1 161 209</u>	<u>1 029 220</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Sensitivity Analysis on the Accrued Liability on 30 June 2016

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.161	
General salary inflation	1%	1.232	6%
General salary inflation	-1%	1.097	-6%
Average retirement age	-2 yrs	1.039	-10%
Average retirement age	2 yrs	1.275	10%
Withdrawal rates	-50%	1.353	17%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2017

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	115 700	91 100	206 800

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General salary inflation	1%	125 300	97 100	222 400	8%
General salary inflation	-1%	107 200	85 700	192 900	-7%
Discount Rate	1%	107 900	95 600	203 500	-2%
Discount Rate	-1%	124 700	85 900	210 600	2%
Average retirement age	-2 yrs	102 400	80 800	183 200	-11%
Average retirement age	2 yrs	125 600	100 800	226 400	9%
Withdrawal rates	-1 year	148 800	107 300	256 100	24%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0.046)	(0.088)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 Rm	2013 Rm	2012 Rm
Liabilities: (Gain) / loss	0.044	0.053	0.042
Assets: Gain / (loss)	-	-	-

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<u>CAPE JOINT RETIREMENT FUND</u>		
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 100,0% (30 June 2014 - 99,9%).		
Contributions paid recognised in the Statement of Financial Performance	436 247	443 112
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
SAMWU National Provident Fund	1 411 820	1 327 163
	1 411 820	1 327 163
6. CONSUMER DEPOSITS		
Water and Electricity	898 029	862 497
Total Consumer Deposits	898 029	862 497
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
7. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	601 130	518 859
Staff Leave	1 362 606	1 297 751
Current Portion of Non-Current Provisions	330 292	237 570
Current Portion of Post Retirement Benefits - Note 5	160 728	150 048
Current Portion of Long-Service Provisions - Note 5	169 564	87 522
Total Provisions	2 294 028	2 054 180
The movement in current provisions are reconciled as follows:		
7.1 <u>Staff Bonuses</u>		
Balance at beginning of year	518 859	523 060
Contribution to current portion	1 077 212	990 181
Expenditure incurred	(994 941)	(994 382)
Balance at end of year	601 130	518 859
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
7.2 <u>Staff Leave</u>		
Balance at beginning of year	1 297 751	1 247 601
Contribution to current portion	216 355	216 378
Contribution to non-current portion	32 918	-
Expenditure incurred	(184 418)	(166 229)
Balance at end of year	1 362 606	1 297 751
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
8. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	4 887 454	2 926 679
Payments received in advance	668 665	542 938
Retentions	988 183	754 289
Other Creditors	122 651	63 156
Deposits: Other	330 157	299 801
Correction of Error - Note 38.1	-	337 453
Total Trade Payables	6 997 110	4 924 316

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Building Rubble and Housing Deposits.

9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	1 092 381	289 547
National Government Grants	931 384	161 351
Provincial Government Grants	95 357	128 139
District Municipality	31	58
Other Sources	65 609	-
Less: Unpaid Grants	(174 291)	-
National Government Grants	(160 840)	-
Provincial Government Grants	(13 451)	-
District Municipality	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	918 091	289 547

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10. TAXES

10.1	VAT Payable	-	-
	VAT output in suspense	(2 541 539)	(1 996 177)
	Less: Contribution to provision for impairment of trade receivables from exchange transactions		
	Total VAT Payable	(2 541 539)	(1 996 177)
10.2	VAT Receivable	217 098	500 992
	VAT input in suspense	2 546 103	1 531 693
	Total VAT Receivable	2 763 201	2 032 685
10.3.	Net VAT (Payable)/Receivable	221 662	36 508

VAT is receivable/payable on the cash basis.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12. PROPERTY, PLANT AND EQUIPMENT

[See attached sheet](#) page 1

[page 2](#)

[page 3](#)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
12.3 Capital under Construction		
Balance on 1 July	12 346 743	6 901 574
Additions during the year	6 077 529	8 223 577
	18 424 272	15 125 151
Unbundling of Capital under Construction	(11 886 175)	(2 778 407)
Balance on 30 June	6 538 097	12 346 743
12.4 Assets pledged as security:		
Leased Property, Plant and Equipment of R3 271 419 (2015: R908 345) is secured for leases as set out in Note 3.		
12.5 Contractual commitments for acquisition of property, plant and equipment:		
Approved and contracted for:	5 836 475	2 825 118
Infrastructure	5 594 008	2 825 118
Community	242 467	-
Other	-	-
Total	5 836 475	2 825 118
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	5 836 475	2 825 118
Own Resources	-	-
District Council Grants	-	-
Total	5 836 475	2 825 118
13. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	46 188 026	46 191 479
Cost	46 468 484	46 754 084
Correction of Error - Note 38.3	-	(285 600)
Accumulated Depreciation	(83 497)	(79 415)
Correction of Error - Note 38.3	-	(629)
Accumulated Impairment Loss	(196 961)	(196 961)
Acquisitions	-	-
Depreciation for the year	(3 773)	(3 454)
Net Carrying amount at 30 June	46 184 253	46 188 026
Cost	46 468 484	46 468 484
Accumulated Depreciation	(87 270)	(83 497)
Accumulated Impairment Loss	(196 961)	(196 961)
Revenue derived from the rental of investment property	162 338	188 091
Operating expenditure incurred on properties generating revenue	3 615	-
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
14. INTANGIBLE ASSETS		
Net Carrying amount at 1 July	289 428	358 561
Cost	655 301	942 551
Correction of Error - Note 38.4	-	(308 347)
Accumulated Amortisation	(332 624)	(533 777)
Correction of Error - Note 38.4	-	291 383
Accumulated Impairment Loss	(33 249)	(33 249)
Correction of Error - Note 38.4	-	33 249
Acquisitions	17 863	21 097
Amortisation	(105 476)	(90 229)
Net Carrying amount at 30 June	201 815	289 428
Cost	673 164	655 301
Accumulated Amortisation	(438 100)	(332 624)
Accumulated Impairment Loss	(33 249)	(33 249)
No intangible asset were assed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There age no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
15. LONG TERM RECEIVABLES		
Housing Loans - At amortised cost	-	194 519
Less: Current portion transferred to current receivables	-	(12 368)
	-	182 151
Correction of Error - Note 38.5	-	(182 151)
Total Long Term Receivables	-	-
16. INVENTORY		
Maintenance Materials - At cost	203 645	118 058
Water - At purification cost	6 790	11 169
Correction of Error - Note 38.6	-	(5 158)
Total Inventory	210 435	124 069
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
Inventory recognise as an expense during the year:		
Maintenance Materials - At cost	79 418	58 743
	79 418	58 743
Materials written down due to losses as identified during the annual stores counts:		
Maintenance Materials - At cost	79 195	35 776
	79 195	35 776
No inventory assets were pledged as security for liabilities.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
17. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	3 213 807	2 783 204
Water	14 979 489	12 638 098
Housing Rentals	2 373	223 688
Refuse	9 623 087	8 737 143
Sewerage	8 401 387	7 586 553
Commonage	1 852 401	1 637 870
Other Arrears	5 411 622	5 270 681
Correction of Error - Note 38.7	-	(665 485)
Total: Receivables from exchange transactions (before provision)	43 484 166	38 211 752
Less: Provision for Debt Impairment	(41 979 468)	(37 092 712)
Total: Receivables from exchange transactions (after provision)	1 504 698	1 119 040
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of receivables approximate their carrying value.		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	550 563	1 046 940
31 - 60 Days	328 379	43 975
61 - 90 Days	143 071	54 132
+ 90 Days	2 191 794	1 626 259
Total	3 213 807	2 771 306
<u>(Water): Ageing</u>		
Current (0 - 30 days)	461 361	1 351 916
31 - 60 Days	403 139	308 334
61 - 90 Days	412 947	239 179
+ 90 Days	13 702 042	10 528 169
Total	14 979 489	12 427 598
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	(1 206)	3 790
31 - 60 Days	-	240
61 - 90 Days	-	-
+ 90 Days	3 579	-
Total	2 373	4 030
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	248 691	621 374
31 - 60 Days	229 696	151 855
61 - 90 Days	185 261	145 186
+ 90 Days	8 959 439	7 741 535
Total	9 623 087	8 659 950
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	198 691	551 842
31 - 60 Days	196 540	132 375
61 - 90 Days	160 430	120 729
+ 90 Days	7 845 726	6 712 639
Total	8 401 387	7 517 585
<u>(Commonage & Other): Ageing</u>		
Current (0 - 30 days)	643 838	645 091
31 - 60 Days	106 787	81 836
61 - 90 Days	50 132	48 381
+ 90 Days	6 463 266	6 055 975
Total	7 264 023	6 831 283

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	2 101 938	4 220 953
31 - 60 Days	1 264 541	718 615
61 - 90 Days	951 841	607 607
+ 90 Days	39 165 846	32 664 577
Total	43 484 166	38 211 752

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2016					
Current (0 - 30 days)	(177 056)	1 765 388	448 824	64 782	2 101 938
31 - 60 Days	727 921	434 299	75 619	26 702	1 264 541
61 - 90 Days	456 318	435 794	44 504	15 225	951 841
+ 90 Days	3 997 818	32 544 064	2 349 103	274 861	39 165 846
Sub-total	5 005 001	35 179 545	2 918 050	381 570	43 484 166
Less: Provision for Debt Impairment					(41 979 468)
Total debtors by customer classification					1 504 698

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2015					
Current (0 - 30 days)	1 211 597	2 343 569	572 197	93 590	4 220 953
31 - 60 Days	306 132	370 904	39 436	2 143	718 615
61 - 90 Days	201 637	360 808	36 733	8 429	607 607
+ 90 Days	14 207 529	17 263 252	1 183 363	10 433	32 664 577
Sub-total	15 926 895	20 338 533	1 831 729	114 595	38 211 752
Less: Provision for Debt Impairment					(37 092 712)
Total debtors by customer classification					1 119 040

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	37 092 712	34 789 804
Contribution to provision	4 316 353	3 220 705
VAT on provision	570 402	450 899
Bad Debts written off against provision	-	(931 708)
Reversal of provision	-	(436 988)
Balance at end of year	41 979 468	37 092 712

The total amount of this provision is R41 979 468 and consist of:

Services	41 979 468	32 103 269
Other Debtors	-	4 989 443
Total Provision for Debt Impairment on Receivables from exchange transactions	41 979 468	37 092 712

Ageing of amounts past due but not impaired:

1 month past due	-	-
2+ months past due	-	-
	-	-

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2016 R	2015 R
18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	9 835 494	8 451 174
Other Receivables	509 231	-
Correction of Error - Note 38.8	-	(1 873 054)
	10 344 725	6 578 120
Less: Provision for Debt Impairment	(8 593 788)	(6 202 700)
Total Receivables from non-exchange transactions	1 750 937	375 420

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	56 713	443 475
31 - 60 Days	229 460	167 512
61 - 90 Days	160 167	108 701
+ 90 Days	9 389 154	7 731 486
Total	9 835 494	8 451 174

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2016				
Current (0 - 30 days)	54 520	18 570	-	73 090
31 - 60 Days	48 443	4 020	-	52 463
61 - 90 Days	36 850	3 722	-	40 572
+ 90 Days	9 555 921	82 918	30 530	9 669 369
Sub-total	9 695 734	109 230	30 530	9 835 494
Less: Provision for Debt Impairment				(8 593 788)
Total debtors by customer classification				1 241 705

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2015				
Current (0 - 30 days)	128 363	22 047	(3 579)	146 831
31 - 60 Days	23 909	2 435	-	26 344
61 - 90 Days	30 648	2 435	-	33 083
+ 90 Days	8 124 608	120 066	242	8 244 916
Sub-total	8 307 528	146 983	(3 337)	8 451 174
Less: Provision for Debt Impairment				(6 202 700)
Total debtors by customer classification				2 248 474

	2016 R	2015 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	6 202 700	5 336 989
Contribution to provision	2 391 088	1 008 275
Bad Debts written off against provision	-	(142 565)
Reversal of provision	-	-
Balance at end of year	8 593 788	6 202 700
The total amount of this provision is R8 593 788 and consist of:		
Taxes	8 593 788	6 202 700
Other	-	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	8 593 788	6 202 700

Ageing of amounts past due but not impaired:

1 month past due	229 460	167 512
2+ months past due	955 532	1 637 487
	1 184 992	1 804 999

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19. OPERATING LEASE ARRANGEMENTS

19.1 The Municipality as Lessor

Operating Lease Asset	5 009	8 546
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Reconciliation

Balance at the beginning of the year	8 546	11 786
Movement during the year	(3 538)	(3 240)
Balance at the end of the year	5 009	8 546

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	45 853	41 990
2 to 5 Years	229 661	210 312
More than 5 Years	383 451	448 653
Total Operating Lease Arrangements	658 965	700 955

This operating lease income determined from contracts that have a specific condition income. Property is rent at market related tariffs with a annual increase of 9%. The operating lease agreement expires in 2026.

20. **BANK ACCOUNTS**

20.1 **Cash and Cash Equivalents**

Current Accounts	358 998	501 923
Call Investments Deposits	1 935 866	3 139 377
Cash Floats	380	380
Total Cash and Cash Equivalents - Assets	2 295 244	3 641 680

The municipality has the following bank accounts:

Current Accounts

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):	358 998	501 923
	358 998	501 923

Call Investment Deposits

First National Bank - Account Number 620 6266 9521 (Equitable Share Account):	2 828	100 034
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):	276 396	492 495
First National Bank - Account Number 620 7204 0555 (FMG Account):	334 599	117 336
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):	160 411	152 315
First National Bank - Account Number 620 9751 7571 (CRR Account):	324 254	1 537 401
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):	187 316	25 924
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):	7 530	7 530
First National Bank - Account Number 621 3757 8433 (Projects Account):	14 302	21 625
First National Bank - Account Number 742 7763 6667 (Assets Financing Account):	-	455 431
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):	347 145	64 649
First National Bank - Account Number 622 3714 1099 (Library Account):	279 215	111 577
First National Bank - Account Number 622 7711 8313 (MIG Account):	-	16 215
First National Bank - Account Number 624 2665 8508 (EPWP):	1 872	36 844
	1 935 866	3 139 377

Details of current accounts are as follow:

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):

Cash book balance at beginning of year	501 923	269 988
Cash book balance at end of year	358 998	501 923
Bank statement balance at beginning of year	362 269	191 105
Bank statement balance at end of year	286 028	362 269

First National Bank - Account Number 620 6266 9521 (Equitable Share Account):

Cash book balance at beginning of year	100 034	1 056
Cash book balance at end of year	2 828	100 034
Bank statement balance at beginning of year	100 034	1 056
Bank statement balance at end of year	2 828	100 034

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<i>First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):</i>		
Cash book balance at beginning of year	492 495	831 675
Cash book balance at end of year	276 396	492 495
Bank statement balance at beginning of year	492 495	831 675
Bank statement balance at end of year	276 396	492 495
<i>First National Bank - Account Number 620 7204 0555 (FMG Account):</i>		
Cash book balance at beginning of year	117 336	48 555
Cash book balance at end of year	334 599	117 336
Bank statement balance at beginning of year	117 336	48 555
Bank statement balance at end of year	334 599	117 336
<i>First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):</i>		
Cash book balance at beginning of year	152 315	294 474
Cash book balance at end of year	160 411	152 315
Bank statement balance at beginning of year	152 315	294 474
Bank statement balance at end of year	160 411	152 315
<i>First National Bank - Account Number 620 9751 6979 (Flood Dam Kuboes Account):</i>		
Cash book balance at beginning of year	-	50 882
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	50 882
Bank statement balance at end of year	-	-
<i>First National Bank - Account Number 620 9751 7571 (CRR Account):</i>		
Cash book balance at beginning of year	1 537 401	1 003 233
Cash book balance at end of year	324 254	1 537 401
Bank statement balance at beginning of year	1 537 401	1 003 233
Bank statement balance at end of year	324 254	1 537 401
<i>First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):</i>		
Cash book balance at beginning of year	25 924	25 667
Cash book balance at end of year	187 316	25 924
Bank statement balance at beginning of year	25 924	25 667
Bank statement balance at end of year	187 316	25 924
<i>First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):</i>		
Cash book balance at beginning of year	7 530	573 787
Cash book balance at end of year	7 530	7 530
Bank statement balance at beginning of year	6 699	573 787
Bank statement balance at end of year	7 530	6 699
<i>First National Bank - Account Number 621 3757 8433 (Projects Account):</i>		
Cash book balance at beginning of year	21 625	1 834 210
Cash book balance at end of year	14 302	21 625
Bank statement balance at beginning of year	21 625	1 834 210
Bank statement balance at end of year	14 302	21 625
<i>First National Bank - Account Number 742 7763 6667 (Assets Financing Account):</i>		
Cash book balance at beginning of year	455 431	430 784
Cash book balance at end of year	-	455 431
Bank statement balance at beginning of year	455 431	430 784
Bank statement balance at end of year	-	455 431

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):		
Cash book balance at beginning of year	64 649	372 261
Cash book balance at end of year	347 145	64 649
Bank statement balance at beginning of year	64 649	372 261
Bank statement balance at end of year	347 145	64 649
First National Bank - Account Number 622 3714 1099 (Library Account):		
Cash book balance at beginning of year	111 577	236 251
Cash book balance at end of year	279 215	111 577
Bank statement balance at beginning of year	111 577	236 251
Bank statement balance at end of year	279 215	111 577
First National Bank - Account Number 622 7711 8313 (MIG Account):		
Cash book balance at beginning of year	16 215	-
Cash book balance at end of year	-	16 215
Bank statement balance at beginning of year	16 215	1 000
Bank statement balance at end of year	-	16 215
First National Bank - Account Number 624 2665 8508 (EPWP):		
Cash book balance at beginning of year	36 844	603 838
Cash book balance at end of year	1 872	36 844
Bank statement balance at beginning of year	36 844	603 838
Bank statement balance at end of year	1 872	36 844

21. PROPERTY RATES

Actual

Rateable Land and Buildings

Residential Property
Commercial Property
Industrial Property
Agricultural Purposes
State - National/ Provincial Services

Correction of Error - Note 38.10

Total Assessment Rates

9 162 926 8 206 487

6 327 763	5 566 384
1 411 060	1 329 852
1 043 260	1 013 599
266 140	188 643
114 703	108 009

- (414 409)

9 162 926 7 792 078

Valuations - 1 July 2015

Rateable Land and Buildings

Residential Property
Commercial Property
Industrial Property
Agricultural Purposes
Mines
State - National/ Provincial Services

Total Assessment Rates

993 683 977 1 006 940 271

631 845 660	646 148 354
116 674 807	115 568 407
4 306 200	4 416 200
189 507 210	188 215 210
35 707 000	36 999 000
15 643 100	15 593 100

993 683 977 1 006 940 271

Valuations - 1 July 2015

	Building Clause Valuation	Site Valuation	Building Valuation	Total Valuation
Residential	14 100 000	-	617 745 660	631 845 660
Commercial	124 000	-	116 550 807	116 674 807
Light Industrial	103 000	-	4 203 200	4 306 200
Agricultural/Rural	-	-	189 507 210	189 507 210
Mines	-	-	35 707 000	35 707 000
State	50 000	-	15 593 100	15 643 100
Total Property Valuations	14 377 000	-	979 306 977	993 683 977

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

	2016 R	2015 R
Basic Rate		
Residential	0.9195c/R	0.86584c/R
Commercial and Industrial	1.2204c/R	1.14911c/R
Government	0.9195c/R	0.86584c/R
Agriculture	0.1417c/R	0.13293c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential	- The first R25 000 on the valuation is exempted.
Indigents	- The first R75 000 on the valuation is exempted.
Pensioners	- 33,3%
Government -	- 20%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2016 R	2015 R
22. GOVERNMENT GRANTS AND SUBSIDIES		
<u>Unconditional</u>		
Equitable Share	13 401 000	12 817 000
<u>Conditional</u>	10 199 457	16 519 100
Grants and Donations	10 199 457	16 519 100
	-	-
Total Government Grants and Subsidies	23 600 457	29 336 100
Government Grants and Subsidies - Operating	18 238 941	20 680 644
Government Grants and Subsidies - Capital	5 361 516	8 655 456
Total Government Grants and Subsidies	23 600 457	29 336 100
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	13 401 000	12 817 000
Executive & Council	34 391	41 937
Budget & Treasury	1 859 890	2 401 807
Corporate Services	1 749 796	3 341 006
Community & Social Services	1 203 939	1 076 790
Waste Water Management	-	2 495 288
Road Transport	5 178 520	7 162 273
Electricity	172 922	-
Total Government Grants and Subsidies	23 600 457	29 336 100

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
22.1 <u>Equitable Share</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	13 401 000	12 817 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(13 401 000)	(12 817 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

22.2 Local Government Financial Management Grant (FMG)

Opening balance	105 458	48 556
Correction of Error	-	-
Grants received	1 800 000	1 800 000
Interest received	-	-
Repaid to National Revenue Fund	(105 000)	-
Conditions met - Operating	(1 568 025)	(1 743 098)
Conditions met - Capital	(121 838)	-
Conditions still to be met	110 595	105 458

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

22.3 Municipal Systems Improvement Grant (MSIG)

Opening balance	42 213	372 261
Correction of Error	-	-
Grants received	930 000	934 000
Interest received	-	-
Repaid to National Revenue Fund	(42 000)	-
Conditions met - Operating	(736 502)	(1 099 810)
Conditions met - Capital	-	(164 238)
Conditions still to be met	193 711	42 213

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

22.4 Municipal Infrastructure Grant (MIG)

Opening balance	13 680	(2 101 527)
Correction of Error	-	-
Grants received	5 018 000	10 182 000
Interest received	-	-
Repaid to National Revenue Fund	(14 000)	-
Conditions met - Operating	(90 730)	(570)
Conditions met - Capital	(5 087 790)	(8 066 223)
Conditions still to be met	(160 840)	13 680

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
22.5 <u>Integrated National Electrification Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	800 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(90 842)	-
Conditions met - Capital	(82 080)	-
Conditions still to be met	<u>627 078</u>	<u>-</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

22.6 <u>Library Grant</u>		
Opening balance	44 229	182 612
Correction of Error	-	-
Grants received	1 208 000	796 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 134 130)	(934 383)
Conditions met - Capital	(69 809)	-
Conditions still to be met	<u>48 290</u>	<u>44 229</u>

The grant was used to finance library activities.

22.7 <u>Expanded Public Works Programme</u>		
Opening balance	36 844	345 640
Correction of Error	-	-
Grants received	1 000 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	(37 000)	-
Conditions met - Operating	(1 013 294)	(1 308 796)
Conditions met - Capital	-	-
Conditions still to be met	<u>(13 451)</u>	<u>36 844</u>

The grant was used for job creation.

22.8 <u>Accelerated Infrastructure Programme</u>		
Opening balance	47 067	47 067
Correction of Error	-	-
Grants received	-	2 409 773
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(2 409 773)
Conditions met - Capital	-	-
Conditions still to be met	<u>47 067</u>	<u>47 067</u>

The grant was used to facilitate cultural groups.

22.9 <u>Namakwa District Municipality Grant</u>		
Opening balance	58	-
Correction of Error	-	-
Grants received	170 000	97 610
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(170 027)	(97 552)
Conditions met - Capital	-	-
Conditions still to be met	<u>31</u>	<u>58</u>

The grant was used for various projects identified by Namakwa District Municipality.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
22.10 CoGTA Grant (Flood Damage Kuboes)		
Opening balance	-	50 619
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(50 619)
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	-	-
	<hr/>	<hr/>
The grant was used to perform maintenance in flood damage areas.		
22.11 CoGTA Grant (Water Bulk Infrastructure)		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	643 339
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(218 344)
Conditions met - Capital	-	(424 995)
	<hr/>	<hr/>
Conditions still to be met	-	-
	<hr/>	<hr/>
The grant was used to develop water infrastructure.		
22.12 Alexkor		
Opening balance	-	-
Correction of Error	-	-
Grants received	100 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(34 391)	-
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	65 609	-
	<hr/>	<hr/>
The grant was used for various projects.		
22.13 De Beers		
Opening balance	-	698
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(698)
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	-	-
	<hr/>	<hr/>
The grant was used for various projects identified by De Beers.		
22.14 Total Grants		
Opening balance	289 547	(1 054 074)
Correction of Error	-	-
Grants received	24 427 000	30 679 722
Interest received	-	-
Repaid to National Revenue Fund	(198 000)	-
Conditions met - Operating	(18 238 941)	(20 680 644)
Conditions met - Capital	(5 361 516)	(8 655 456)
	<hr/>	<hr/>
Conditions still to be met/(Grant expenditure to be recovered)	918 090	289 547
	<hr/>	<hr/>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	1 092 381	289 547
Unpaid Conditional Government Grants and Receipts	(174 291)	-
Total	918 091	289 547
23. PUBLIC CONTRIBUTIONS AND DONATIONS		
Donations	4 509	968 655
Total Public Contributions and Donations	4 509	968 655
24. SERVICE CHARGES		
Electricity	9 672 785	8 744 256
Water	5 834 075	5 945 644
Refuse Removal	3 085 627	3 062 925
Sewerage and Sanitation Charges	2 680 594	2 662 265
Correction of Error - Note 38.10	-	(665 485)
Total Service Charges	21 273 082	19 749 606
25. RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	316 552	330 518
Rental of equipment	6 565	31 514
Caravan Park	1 397 403	1 423 243
Total Rental of Facilities and Equipment	1 720 520	1 785 275
26. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	390 007	325 454
Total Interest Earned - External Investments	390 007	325 454
27. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Long-term Receivables	-	258
Trade Receivables	2 371 571	1 839 950
Total Interest Earned - Outstanding Receivables	2 371 571	1 840 208
28. OTHER INCOME		
Christmas Lights Festival	37 719	47 700
Commission	14 946	15 504
Grave Lots	8 631	8 461
Grazing Fees	163 283	234 779
Insurance claims	4 386	44 931
Lost Books	193	73
Other	-	655 222
Photostats	9 284	7 086
Posters	2 656	2 700
Search Fees	12 062	14 646
Surplus Cash	0	(20)
Service In-kind	307 867	-
Tampering - Elect Meters	5 263	-
Total Other Income	566 291	1 031 081
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	258 424	1 031 081
Revenue from Non-Exchange Transactions	307 867	-
Total Other Income	566 291	1 031 081

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
29. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	15 230 392	13 273 978
Pension and UIF Contributions	1 961 693	1 834 087
Medical Aid Contributions	491 861	449 958
Overtime	968 708	829 824
Bonuses	1 077 212	990 181
Motor Vehicle Allowance	375 465	506 712
Housing Allowances	132 675	89 966
Other benefits and allowances	475 347	451 896
Payments in lieu of leave	216 355	216 378
Contribution to provision - Long Service Awards - Note 5	98 918	86 815
Contribution to provision - Post Retirement Medical - Note 5	-	42 350
	<hr/>	<hr/>
	21 028 626	18 772 147
Correction of Error - Note 38.10	-	61 678
	<hr/>	<hr/>
Total Employee Related Costs	21 028 626	18 833 825
	<hr/>	<hr/>
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mrs D Farmer (previous)</i>		
Salary	364 927	398 102
Leave Gratuity	54 142	-
Contributions to UIF, Medical and Pension Funds	1 636	51 906
Other contributions made	5 970	-
Allowances	213 333	234 179
Annual Bonus	49 763	33 175
In-kind Benefits	-	-
	<hr/>	<hr/>
Total	689 771	717 362
	<hr/>	<hr/>
<i>Remuneration of the Acting Municipal Manager - Mr D Maposa (current acting)</i>		
Salary	142 342	-
Contributions to UIF, Medical and Pension Funds	2 260	-
Allowances	3 000	-
Services In-kind	307 867	-
In-kind Benefits	-	-
	<hr/>	<hr/>
Total	455 469	-
	<hr/>	<hr/>
<i>Remuneration of the Chief Financial Officer - Mr IG Valentein (previous)</i>		
Salary	-	262 558
Contributions to UIF, Medical and Pension Funds	-	1 400
Allowances	-	182 789
Annual Bonus	-	29 173
	<hr/>	<hr/>
Total	-	475 919
	<hr/>	<hr/>
<i>Remuneration of the Chief Financial Officer - Ms ME Basson (current)</i>		
Salary	234 136	-
Contributions to UIF, Medical and Pension Funds	1 041	-
Other contributions made	3 571	-
Allowances	125 788	-
	<hr/>	<hr/>
Total	364 536	-
	<hr/>	<hr/>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
Remuneration of Head of Corporate Services - Ms EE Cloete		
Salary	242 158	242 158
Acting Allowance	27 860	-
Contributions to UIF, Medical and Pension Funds	67 157	66 144
Other contributions made	4 516	-
Allowances	154 328	102 094
Annual Bonus	20 180	20 180
In-kind Benefits	-	-
Total	516 198	430 575
Remuneration of Infrastructure Manager - Mr H Cloete (previous)		
Salary	-	166 095
Contributions to UIF, Medical and Pension Funds	-	1 318
Allowances	-	82 943
Annual Bonus	-	20 180
In-kind Benefits	-	-
Total	-	270 537
Remuneration of Infrastructure Manager - Mr J Khomanisi (current)		
Salary	273 863	-
Contributions to UIF, Medical and Pension Funds	1 190	-
Other contributions made	4 092	-
Allowances	143 198	-
Annual Bonus	2 292	-
In-kind Benefits	-	-
Total	424 635	-
Remuneration of LED/IDP Manager - Mr SC Adams		
Salary	263 695	263 695
Acting Allowance	70 688	-
Contributions to UIF, Medical and Pension Funds	110 979	106 873
Other contributions made	4 957	-
Allowances	98 179	62 372
Annual Bonus	21 975	21 975
In-kind Benefits	-	-
Total	570 473	454 915

30. REMUNERATION OF COUNCILLORS

AM Jansen - Mayor	713 888	624 333
LR Ambrosini - Councillor	215 097	193 734
G Beukes - Councillor	215 097	193 734
CF Richter - Councillor	215 097	193 734
E Hausiku - Councillor	215 097	193 734
WJP Links - Councillor	215 097	193 734
T Swartbooi - Councillor	215 097	193 734
R Jonker - Councillor	215 097	193 734
Total Councillors' Remuneration	2 219 566	1 980 471

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	536 627	159 890	13 248	4 123	713 888
Councillors	1 103 368	336 357	57 848	8 104	1 505 678
Total Councillors' Remuneration	1 639 995	496 247	71 096	12 228	2 219 566

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
31. DEBT IMPAIRMENT		
Receivables from exchange transactions - Note 17	4 886 756	3 671 603
Receivables from non-exchange transactions - Note 18	2 391 088	1 008 275
Correction of Error - Note 38.10	-	194 519
	<hr/> 7 277 844	<hr/> 4 874 398
Less: VAT Portion on Debt Impairment	(570 402)	(450 899)
Total Debt Impairment	<hr/> 6 707 442 <hr/>	<hr/> 4 423 499 <hr/>
32. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	5 333 148	4 345 559
Intangible assets	105 476	90 229
Investment property carried at cost	3 773	3 454
Total Depreciation and Amortisation	<hr/> 5 442 397 <hr/>	<hr/> 4 439 242 <hr/>
33. FINANCE COSTS		
Long-term Liabilities	75 133	177 401
Non-current Provisions	854 516	655 603
Non-current Employee Benefits	215 140	274 025
Creditors	19 367	12 760
Overdraft Facilities	-	-
Total Finance Costs	<hr/> 1 164 156 <hr/>	<hr/> 1 119 790 <hr/>
34. BULK PURCHASES		
Electricity	10 900 941	9 222 001
Water	1 120 176	1 199 121
Total Bulk Purchases	<hr/> 12 021 117 <hr/>	<hr/> 10 421 122 <hr/>
35. GENERAL EXPENSES		
Advertising	22 240	21 676
Audit Fees	1 679 239	1 818 404
Bank Charges	65 864	85 559
Christmas Lights Festival	27 471	453 679
Cleaning Materials	36 484	44 149
Computer Licences	343 530	312 638
Entertainment	38 143	27 422
Environmental Electricity Levy	29 042	254 532
Fire Extinguishing Materials	2 068	1 558
Free Basic Services	3 740 196	4 738 815
Fuel Vehicles	551 118	658 003
Insurance	686 686	674 417
Legal Fees	185 818	189 027
Membership and Subscriptions	534 419	520 674
New Connections	27 894	22 528
Printing and Stationary	212 130	74 352
Public Transport	-	3 044
Railage	22 327	22 478
Rental	192 732	182 721
Repairs and Maintenance	1 879 138	1 832 878
Telephone and Postage	361 139	391 723
Travelling and Subsistence	950 167	352 531
Training	239 790	55 533
Website	61 798	21 767
Other	610 115	587 019
Correction of Error - Note 38.10	-	204 963
Total General Expenses	<hr/> 12 499 546 <hr/>	<hr/> 13 552 090 <hr/>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
36. GAINS/(LOSS) ON SALE OF ASSETS		
Property, plant and equipment	(35 772)	(47 201)
Total Gain/ (Loss) on Sale of Assets	(35 772)	(47 201)
37. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS		
Property, Plant and Equipment	(434 453)	(356 455)
<i>Obsolete Property, Plant and Equipment with no economic value.</i>		
Total (Impairment Loss)/ Reversal of Impairment Loss	(434 453)	(356 455)
38. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
38.1 Payables from Exchange Transactions		
Balance previously reported	-	4 586 863
Back pay not recorded in prior year - Note 8	-	61 678
Trade Payables recognised incorrectly in prior years - Note 8	-	275 775
Restated Balance	-	4 924 316
Correction of Trade Creditors and Other Creditors.		
38.2 Property, Plant and Equipment		
Balance previously reported	-	128 608 049
Cost	-	-
Other Assets recognised incorrectly in 2014/2015 - Note 12	-	70 812
Other Assets recognised incorrectly in periods before 1 July 2014 - Note 12	-	(768 827)
Buildings recognised incorrectly in periods before 1 July 2014 - Note 12	-	(30 000)
Land recognised incorrectly in periods before 1 July 2014 - Note 12	-	(1 659 975)
Infrastructure Assets recognised incorrectly in periods before 1 July 2014 - Note 12	-	(790 931)
Community Assets recognised incorrectly in periods before 1 July 2014 - Note 12	-	786
Accumulated Depreciation and Impairment Losses	-	759 966
Community Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12		(57 988)
Housing Rental Stock Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	(576)
Infrastructure Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	(949 618)
Infrastructure Assets - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 12	-	84 722
Buildings - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	(1 056 708)
Buildings - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 12	-	1 057 300
Land - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 12	-	1 057 300
Lease Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	308 642
Other Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	(84 010)
Other Assets - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 12	-	400 901
Restated Balance	-	129 368 014

Correction of prior years' differences between Asset Register and General Ledger accounts.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
38.3 Investment Property		
Balance previously reported	-	46 474 255
Cost	-	(285 600)
Investment Properties recognised incorrectly in prior years - Note 13	-	(285 600)
Accumulated Depreciation and Impairment Losses	-	(629)
Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 13	-	(629)
Restated Balance	-	46 188 026

Correction of prior years' differences between Asset Register and General Ledger accounts.

38.4 Intangible Assets		
Balance previously reported	-	306 393
Cost	-	(308 347)
Intangible Assets recognised incorrectly in prior years - Note 14 list movements	-	(308 347)
Accumulated Amortisation and Impairment Losses	-	291 383
Accumulated Amortisation recognised incorrectly in periods before 1 July 2014 - Note 14	-	258 134
Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 14	-	33 249
Restated Balance	-	289 428

Correction of prior years' differences between Asset Register and General Ledger accounts.

38.5 Long-Term Receivables		
Balance previously reported	-	182 151
Write-off of Housing Loans not recognised in prior year - Note 15	-	(182 151)
Long-term Portion	-	(194 519)
Current Portion	-	12 368
Restated Balance	-	-

Write-off of Housing Loans not recognised in prior year.

38.6 Inventory		
Balance previously reported	-	129 227
Correction of water inventory in prior years - Note 16	-	(5 158)
Restated Balance	-	124 069

Correction of water inventory.

38.7 Receivables from Exchange Transactions		
Balance previously reported	-	2 962 664
Correction of Debtors: Electricity Accounts - Note 17	-	(11 899)
Correction of Debtors: Water Accounts - Note 17	-	(210 500)
Correction of Debtors: Housing Accounts - Note 17	-	(219 658)
Correction of Debtors: Refuse Accounts - Note 17	-	(77 193)
Correction of Debtors: Sewerage Accounts - Note 17	-	(68 968)
Correction of Debtors: Other Arrears Accounts - Note 17	-	(77 268)
Correction of Provision of Debt Impairment classes - Note 38.8	-	(1 178 139)
Restated Balance	-	1 119 040

Correction of Consumer accounts.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
38.8 Receivables from Non-Exchange Transactions		
Balance previously reported	-	1 070 335
Correction of Debtors: Rates Accounts - 2014/2015 transactions - Note 18	-	(414 409)
Correction of Debtors: Rates Accounts - transactions before 1 July 2014 - Note 18	-	(1 458 645)
Correction of Provision of Debt Impairment classes - Note 38.7	-	1 178 139
Restated Balance	-	375 420

Correction of Consumer accounts and Provision for Debt Impairment.

38.9 Accumulated Surplus/(Deficit) - 1 July 2014

Correction of water inventory in prior years - Note 38.6	-	(5 158)
Correction of consumer accounts in prior years - Note 38.7	-	(1 458 645)
Buildings recognised incorrectly in prior years - Note 38.2	-	(30 000)
Land recognised incorrectly in prior years - Note 38.2	-	(1 659 975)
Other Assets recognised incorrectly in 2014/2015 - Note 38.2	-	(768 827)
Infrastructure Assets recognised incorrectly in prior years - Note 38.2	-	(790 931)
Community Assets recognised incorrectly in prior years - Note 38.2	-	786
Investment Properties recognised incorrectly in prior years - Note 38.3	-	(285 600)
Intangible Assets recognised incorrectly in prior years - Note 38.4	-	(308 347)
Community Assets - Depreciation recognised incorrectly in prior years - Note 38.2	-	(57 988)
Housing Rental Stock Assets - Depreciation recognised incorrectly in prior years - Note 38.2	-	(576)
Infrastructure Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.2	-	(949 618)
Buildings - Accumulated Depreciation recognised incorrectly in prior years - Note 38.2	-	(1 056 708)
Other Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.2	-	(84 010)
Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 38.3	-	(629)
Accumulated Amortisation recognised incorrectly in prior years - Note 38.5	-	258 134
Infrastructure Assets - Accumulated Impairment losses recognised incorrectly in prior years - Note 38.2	-	84 722
Buildings - Accumulated Impairment losses recognised incorrectly in prior years - Note 38.2	-	1 057 300
Land - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 12	-	1 057 300
Lease Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	308 642
Other Assets - Accumulated Impairment losses recognised incorrectly in prior years - Note 38.2	-	400 901
Intangible Assets Accumulated Impairment losses recognised incorrectly in prior years - Note 38.4	-	33 249
Total	-	(4 255 978)

38.10 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes	38.8	8 206 487	(414 409)	7 792 078
Government Grants and Subsidies		29 336 100	-	29 336 100
Public Contributions and Donations		968 655	-	968 655
Fines		9 419	-	9 419
Actuarial Gains		940 486	-	940 486
Other Revenue from non-exchange transactions		-	-	-
Property Rates - penalties imposed and collection charges		982 887	-	982 887
Service Charges	38.7	20 415 091	(665 485)	19 749 606
Rental of Facilities and Equipment		1 785 275	-	1 785 275
Interest Earned - external investments		325 454	-	325 454
Interest Earned - outstanding receivables		1 840 208	-	1 840 208
Licences and Permits		65 293	-	65 293
Income for Agency Services		364 532	-	364 532
Other Income		1 031 081	-	1 031 081
Unamortised Discount - Interest		-	-	-
Total		66 270 967	(1 079 894)	65 191 073

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Balance previously reported	Adjustments	Restated Balance
Expenditure				
Employee related costs	38.1	(18 772 147)	(61 678)	(18 833 825)
Remuneration of Councillors		(1 980 471)	-	(1 980 471)
Debt Impairment	38.5	(4 228 980)	(194 519)	(4 423 499)
Collection Costs		-	-	-
Depreciation and Amortisation		(4 439 242)	-	(4 439 242)
Unamortised Discount - Interest		(29 131)	-	(29 131)
Actuarial Losses		-	-	-
Finance Costs		(1 119 790)	-	(1 119 790)
Bulk Purchases		(10 421 122)	-	(10 421 122)
Contracted Services		(2 029 962)	-	(2 029 962)
Grants and Subsidies Paid		-	-	-
General Expenses	38.1	(13 347 127)	(204 963)	(13 552 090)
Total		(56 367 972)	(461 160)	(56 829 132)
Gains and Losses				
Gains/(Loss) on Sale of Assets		(47 201)	-	(47 201)
(Impairment loss)/Reversal of impairment loss		(356 455)	-	(356 455)
Total		(403 655)	-	(403 655)
Net Surplus/(Deficit) for the year		9 499 340	(1 541 054)	7 958 286

39. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2016 R	2015 R
Surplus/(Deficit) for the year	(2 443 956)	7 958 286
Adjustments for:		
Depreciation and amortisation	5 442 397	4 439 242
Loss/(Gain) on disposal of property, plant and equipment	35 772	8 170
Impairment Loss/(Reversal of Impairment Loss)	434 453	356 455
Public Contributions and Donations	-	(968 655)
Government Grants and Subsidies received	24 427 000	30 679 722
Government Grants and Subsidies recognised as revenue	(23 600 457)	(29 336 100)
Government Grants repaid to National Revenue Fund	(198 000)	-
Contribution to provisions – Non-Current Provisions	854 516	655 603
Contribution from/to provisions - Current Employee Benefits	147 126	45 948
Contribution from/to provisions - Non-Current Employee Benefits	97 773	167 135
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	58 517	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	-	(940 486)
Contribution to provisions – Bad debt	7 277 844	4 874 397
Reversal of Provision for Bad debt	-	(436 988)
Bad debts written off	-	(1 074 273)
Unamortised Discounts - Interest Received	-	-
Unamortised Discounts - Interest Paid	4 469	29 131
Operating lease income accrued	3 538	3 240
Operating Surplus/(Deficit) before changes in working capital	12 540 991	16 460 826
Changes in working capital	(7 237 744)	(7 978 147)
Increase/(Decrease) in Trade and Other Payables	2 072 794	(2 913 605)
Increase/(Decrease) in Taxes	(185 154)	139 547
(Increase)/Decrease in Inventory	(86 366)	(13 562)
(Increase)/Decrease in Trade Receivables from exchange transactions	(5 272 414)	(3 783 067)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(3 766 605)	(1 407 460)
Cash generated/(absorbed) by operations	5 303 248	8 482 679

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
40. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 20	358 998	501 923
Call Investments Deposits - Note 20	1 935 866	3 139 377
Cash Floats - Note 20	380	380
Total cash and cash equivalents	2 295 244	3 641 680
41. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 40	2 295 244	3 641 680
Less:	(1 092 381)	(289 547)
Unspent Committed Conditional Grants - Note 9	(1 092 381)	(289 547)
Cash Portion of Housing Development Fund - Note 2	-	-
Net cash resources available for internal distribution	1 202 863	3 352 133
Allocated to:		
Capital Replacement Reserve	(324 254)	(1 537 401)
Resources available for working capital requirements	878 609	1 814 731
42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	3 680 286	1 005 030
Used to finance property, plant and equipment - at cost	(3 680 286)	(1 005 030)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
43. BUDGET INFORMATION		
43.1 Explanation of variances between approved and final budget amounts		
The reasons for the variances between the approved and final budgets are mainly due to the abnormal high electricity and sanitation increases on consumer debtors.		
Explanation of variances greater than 5%: Final Budget and Actual Amounts		
Statement of Financial Position		
43.2.1 Current Assets		
Cash		
<i>Year end creditors payments at year end. Collection of Debtors not desirable.</i>		
Call Investment Deposits		
<i>Incorrect Budget.</i>		
Consumer Debtors		
<i>Impairment of debtors increased from prior year.</i>		
Other Debtors		
<i>SALGA Payment made in advance recorded in current year.</i>		
Inventory		
<i>Inventory on-hand from MIG project recogniosed- SANDDRIFT PAVING PROJECT</i>		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

43.2.2 Non-Current Assets

Long-term receivables

Skema 4 & 5 Loans were written off during the year.

43.2.3 Current Liabilities

Borrowing

Bidvest Finance lease recognised during the financial year.

Trade and Other Payables

Over budgeting Creditors. Payment of creditors at year end.

Provisions

Employment of key positions in the Municipality, e.g. CFO, Infrastructure Manager.

43.2.4 Non-Current Liabilities

Borrowing

Bidvest Finance lease recognised during the financial year.

Provisions

Estimated rehabilitation cost of Landfill sites increase from prior year due to market conditions.

43.2.5 Net Assets

Reserves

Conducted more capital expenditure from Capital Replacement Reserve in current year.

Statement of Financial Performance

43.2.6 Revenue

Service Charges - Electricity Revenue

Over Budgeting of Revenue.

Service Charges - Sanitation Revenue

Over Budgeting of Revenue.

Service Charges - Refuse Revenue

Over Budgeting of Revenue.

Rental of Facilities and Equipment

Over Budgeting of Revenue.

Fines

More fines issued. More Visible traffic officials on site.

Licences and Permits

Increase in road worthy test of vehicles for current financial year.

Other Revenue

Several Accounts were budgeted for where no Income was received.

Gains on Disposal of PPE

Assets were disposed in current year.

Transfers Recognised - Capital

Unspent portion of INEP grant not recognised as Capital, as well as not all MIG funds were received within the current Financial Year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

43.2.7 Expenditure

Remuneration of Councillors

Back pay of councillors of 2 months were paid in the next financial year.

Finance Charges

Landfill site rehabilitation Interest cost not budgeted for.

Contracted Services

Interim Valuation roll payments were made.

Other Expenditure

More Indigent subsidies paid with in financial year.

Cash Flow Statement

43.2.8 Net Cash from Operating Activities

Taxation

Increase in Provision for Debt Impairment.

Service Charges

Over Budgeting of Revenue.

Other Revenue

Document reasons

Government - Operating

Grants repaid to National Revenue Fund.

Government - Capital

Grants repaid to National Revenue Fund.

Finance costs

Interest on Finance Leases not included in Cash Flow Budget.

43.2.9 Net Cash from Investing Activities

Capital Assets

Correction of Asset Register.

43.2.10 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

Less new connection than budgeted for.

44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	38 814 354	31 805 897
Unauthorised expenditure current year - operational	6 488 967	6 562 636
Unauthorised expenditure current year - capital	2 194 638	445 821
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>47 497 960</u>	<u>38 814 354</u>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
Unauthorised expenditure can be summarised as follow:			
Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2011	None	8 326 343	8 326 343
Over expenditure of approved capital budget - 2011	None	5 601 856	5 601 856
Over expenditure of approved operating budget - 2012	None	48 113	48 113
Over expenditure of approved capital budget - 2012	None	430 587	430 587
Over expenditure of approved operating budget - 2013	None	2 219 133	2 219 133
Over expenditure of approved capital budget - 2013	None	4 457 394	4 457 394
Over expenditure of approved operating budget - 2014	None	4 354 299	4 354 299
Over expenditure of approved capital budget - 2014	None	6 368 173	6 368 173
Over expenditure of approved operating budget - 2015	None	6 562 636	6 562 636
Over expenditure of approved capital budget - 2015	None	445 821	445 821
Over expenditure of approved operating budget - 2016	None	6 488 967	-
Over expenditure of approved capital budget - 2016	None	2 194 638	-
		<u>47 497 960</u>	<u>38 814 354</u>

	2016 Actual R	2016 Final Budget R	2016 Variance R	2016 Unauthorised R
Unauthorised expenditure current year - operating				
Executive and Council	5 312 785	5 851 904	(539 119)	-
Administration: Corporate	16 772 670	19 327 263	(2 554 594)	-
Administration: Community	5 420 911	4 501 185	919 726	919 726
Financial Services	5 240 575	7 848 151	(2 607 576)	-
Infrastructure	30 578 779	25 009 538	5 569 241	5 569 241
	<u>63 325 720</u>	<u>62 538 042</u>	<u>787 678</u>	<u>6 488 967</u>

Unauthorised expenditure current year - capital

Executive and Council	-	-	-	-
Administration: Corporate	357 622	65 000	292 622	292 622
Administration: Community	-	50 000	(50 000)	-
Financial Services	49 223	5 000	44 223	44 223
Infrastructure	11 790 678	9 932 884	1 857 793	1 857 793
	<u>12 197 523</u>	<u>10 052 884</u>	<u>2 144 638</u>	<u>2 194 638</u>

	2016 R	2015 R
44.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	124 356	33 041
Fruitless and wasteful expenditure current year	19 381	91 315
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>143 736</u>	<u>124 356</u>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
Fruitless and wasteful expenditure can be summarised as follow:			
Incident	Disciplinary steps/criminal proceedings		
Interest and Penalties Paid to SARS on late payment of employee tax - R115	None	115	115
Interest Paid to Eskom - R13 902	None	13 902	13 902
Interest Paid to Creditors - R6 331	None	6 331	6 331
Interest and Penalties Paid to SARS on late payment of VAT - R12 693	None	12 693	12 693
Power failure caused damages to lobster and abalone at the Port Lobster fishing factory	None	25 000	25 000
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	None	65	65
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	None	224	224
Interest Paid to Creditors - R12 760	None	66 025	66 025
Interest and Penalties Paid to SARS on late payment of employee tax - R 44.38		44	-
Interest Paid to Eskom - R 13 944.49		13 944	-
Interest Paid to Creditors - R4 770.43		4 770	-
Interest and Penalties Paid to SARS on late payment of Providend Fund - R621.30		621	-
		<u>143 736</u>	<u>124 356</u>

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	48 459 967	43 338 403
Irregular expenditure current year	4 075 351	5 121 564
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	<u>52 535 318</u>	<u>48 459 967</u>

Irregular expenditure awaiting condonement from National Treasury	<u>52 535 318</u>	<u>48 459 967</u>
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RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
Irregular expenditure can be summarised as follow:			
Incident	Disciplinary steps/criminal proceedings		
Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms	To be investigated	16 460 016	16 460 016
Non compliance of tenders with Supply Chain Management Policy	To be investigated	24 880 494	24 880 494
Non compliance with Supply Chain Management Policy - Supplier in service of state	To be investigated	506 874	506 874
Non compliance with Supply Chain Management Policy - Contracts awarded not published on website	To be investigated	1 487 349	1 487 349
Non compliance with Supply Chain Management Policy - Deviation not reported to council	To be investigated	3 670	3 670
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2015	To be investigated	3 729 662	3 729 662
Employee Related Cost - employees acting as CFO for longer than 3 months - 2015	To be investigated	140 781	140 781
Employee Related Cost - appointments made not on organogram - 2015	To be investigated	1 251 121	1 251 121
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2016	None	3 530 313	-
Overpayment of capital projects	None	165 577	-
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2016	None	79 141	-
Employee Related Cost - appointments made not on organogram - 2016	None	300 320	-
		52 535 318	48 459 967

The full extent of irregular expenditure have not been disclose in the annual financial statements and is currently under investigation to be determine.

Possible irregular expenditure, pending an investigation, occurred during the year:

Incident	Disciplinary steps/criminal proceedings		
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2016	None	3 530 313	-
Overpayment of capital projects	None	165 577	-
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2016	None	79 141	-
Employee Related Cost - appointments made not on organogram - 2016	None	300 320	-
		4 075 351	-

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R			
45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT					
45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)					
Opening balance	-	-			
Council subscriptions	500 000	500 000			
Amount paid - current year	(300 000)	(500 000)			
Amount paid - previous years	-	-			
Balance unpaid (included in creditors)	200 000	-			
45.2 Audit fees - [MFMA 125 (1)(c)]					
Opening balance	651 151	1 599 382			
Current year audit fee	2 706 133	1 930 204			
Amount paid - current year	(1 809 997)	(1 279 053)			
Amount paid - previous year	(641 395)	(1 599 382)			
Balance unpaid (included in creditors)	905 891	651 151			
45.3 VAT - [MFMA 125 (1)(c)]					
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 10.					
45.4 PAYE and UIF - [MFMA 125 (1)(c)]					
Opening balance	171 579	127 325			
Current year payroll deductions	2 192 930	2 034 147			
Amount paid - current year	(2 044 089)	(1 862 568)			
Amount paid - previous year	(171 579)	(127 325)			
Balance unpaid (included in creditors)	148 841	171 579			
45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]					
Opening balance	178 509	166 469			
Current year payroll deductions and Council Contributions	3 893 764	3 972 287			
Amount paid - current year	(3 884 583)	(3 793 778)			
Amount paid - previous year	(178 509)	(166 469)			
Balance unpaid (included in creditors)	9 181	178 509			
45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]					
None of the councillors had arrear accounts for more than 90 days on 30 June 2016.					
None of the Councillors had arrear accounts outstanding for more than 90 days during the year.					
45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005					
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)					
	Type of Deviation				
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	54 889	-	-	3	1
August	85 195	-	-	2	-
September	9 500	-	-	1	-
October	148 958	-	-	3	-
November	47 495	-	-	3	-
December	27 850	-	1	1	-
January	-	-	-	-	-
February	161 458	2	-	3	-
March	152 545	-	-	5	-
April	555 368	-	-	10	-
May	188 122	-	-	7	-
June	204 810	-	-	4	-
	1 636 191	2	1	42	1

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
45.8 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	9 774 151	9 759 783
Units lost during distribution (Kwh)	1 915 207	640 955
Percentage lost during distribution	19.59%	6.57%
Distribution loss (Rand Value)	2 116 612	309 906
Water distribution losses		
Units purchased (ml)	407 620	438 230
Units lost during distribution (ml)	80 058	171 041
Percentage lost during distribution	19.64%	39.03%
Distribution loss (Rand Value)	220 160	470 363

46. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2016 R	2015 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2015: 1%) Increase in interest rates	(13 854)	26 363
1% (2015: 1%) Decrease in interest rates	13 854	(26 363)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2016 %	2016 R	2015 %	2015 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	9 835 494	100.00%	6 578 120
<u>Exchange Receivables</u>				
Electricity	7.72%	3 213 807	7.58%	2 771 305
Water	35.98%	14 979 489	33.98%	12 427 598
Housing Rentals	0.01%	2 373	0.01%	4 030
Refuse	23.11%	9 623 087	23.68%	8 659 950
Sewerage	20.18%	8 401 387	20.55%	7 517 585
Other	13.00%	5 411 622	14.20%	5 193 414
	100.00%	41 631 764	100.00%	36 573 882

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2016 %	2016 R	2015 %	2015 R
<u>Non-exchange Receivables</u>				
Rates	16.99%	8 593 788	14.27%	6 202 700
<u>Exchange Receivables</u>				
Services	83.01%	41 979 468	85.31%	37 092 712
	100.00%	50 573 256	99.58%	43 477 563

	Exchange Receivables	Non-exchange Receivables
<u>Ageing of amounts past due but not impaired are as follow:</u>		
2016		
1 month past due	-	229 460
2+ months past due	-	955 532
	-	1 184 992
2015		
1 month past due	-	167 512
2+ months past due	-	1 637 487
	-	1 804 999

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Bad debts written-off per receivable class:

	2016 %	2016 R	2015 %	2015 R
<u>Non-exchange Receivables</u>				
Rates	0.00%	-	0.33%	142 565
<u>Exchange Receivables</u>				
Services	0.00%	-	2.14%	931 708
	0.00%	-	2.47%	1 074 273

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2016 R	2015 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	-	194 519
Receivables from exchange transactions	43 484 166	38 211 752
Cash and Cash Equivalents	2 294 864	3 641 300
	45 779 030	42 047 571

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2016				
Long-term Liabilities	1 038 479	2 641 807	-	-
Trade and Other Payables	6 997 110	-	-	-
	8 035 589	2 641 807	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2015				
Long-term Liabilities	704 331	296 231	-	-
Trade and Other Payables	4 924 316	-	-	-
	5 628 647	296 231	-	-
			2016 R	2015 R

47. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

47.1 Financial Assets

Classification

Long-term Receivables

Housing Loans	Financial Instruments at amortised cost	-	194 519
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Receivables from Exchange Transactions

Electricity	Financial Instruments at amortised cost	3 213 807	2 783 204
Water	Financial Instruments at amortised cost	14 979 489	12 638 098
Housing Rentals	Financial Instruments at amortised cost	2 373	223 688
Refuse	Financial Instruments at amortised cost	9 623 087	8 737 143
Sewerage	Financial Instruments at amortised cost	8 401 387	7 586 553
Commonage	Financial Instruments at amortised cost	1 852 401	1 637 870
Other Arrears	Financial Instruments at amortised cost	5 411 622	5 270 681

Receivables from Non-Exchange Transactions

Payments made in Advance	Financial Instruments at amortised cost	509 231	-
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Cash and Cash Equivalents

Bank Balances	Financial Instruments at amortised cost	358 998	501 923
Call Deposits	Financial Instruments at amortised cost	1 935 866	3 139 377

Total Financial Assets

46 288 261	42 713 056
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SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:

Long-term Receivables	Housing Loans	-	194 519
Receivables from Exchange Transactions	Electricity	3 213 807	2 783 204
Receivables from Exchange Transactions	Water	14 979 489	12 638 098
Receivables from Exchange Transactions	Housing Rentals	2 373	223 688
Receivables from Exchange Transactions	Refuse	9 623 087	8 737 143
Receivables from Exchange Transactions	Sewerage	8 401 387	7 586 553
Receivables from Exchange Transactions	Commonage	1 852 401	1 637 870
Receivables from Exchange Transactions	Other Arrears	5 411 622	5 270 681
Receivables from Non-exchange Transactions	Payments made in Advance	509 231	-
Cash and Cash Equivalents	Bank Balances	358 998	501 923
Cash and Cash Equivalents	Call Deposits	1 935 866	3 139 377

46 288 261	42 713 056
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Total Financial Assets

46 288 261	42 713 056
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47.2 Financial Liabilities

Classification

Long-term Liabilities

Annuity Loans	Financial Instruments at amortised cost	-	364 462
Capitalised Lease Liability	Financial Instruments at amortised cost	3 680 286	640 569

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		R	R
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	4 887 454	2 926 679
Payments received in advance	Financial Instruments at amortised cost	668 665	542 938
Retentions	Financial Instruments at amortised cost	988 183	754 289
Sundry Deposits	Financial Instruments at amortised cost	122 651	63 156
Other Creditors	Financial Instruments at amortised cost	330 157	299 801
		<u>10 677 396</u>	<u>5 591 893</u>

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:

Long-term Liabilities	Annuity Loans	-	364 462
Long-term Liabilities	Capitalised Lease Liability	3 680 286	640 569
Trade and Other Payables	Trade Creditors	4 887 454	2 926 679
Trade and Other Payables	Payments received in advance	668 665	542 938
Trade and Other Payables	Retentions	988 183	754 289
Trade and Other Payables	Sundry Deposits	122 651	63 156
Trade and Other Payables	Other Creditors	330 157	299 801
Total Financial Liabilities		<u>10 677 396</u>	<u>5 591 893</u>

48. EVENTS AFTER THE REPORTING DATE

Local Government elections were held on 3 August 2016 and 3 new councillors were appointed on 18 August 2016.

The former Municipal Manager, mrs. D Farmer, was dismissed during the year after an disciplinary hearing. Mrs Farmer request for arbitration on 11 Augustu 2016 for issues in dispute. No further meetings took place since the request for arbitration.

49. IN-KIND DONATIONS AND ASSISTANCE

The department of Corporate Governance, Human Settlements and Traditional Affairs has second mr. Maposa to act as Municipal Manager at Richtersveld Municipality. This service in-kind has been recognised as revenue in terms of GRAP 23.

50. INTEREST IN JOINT VENTURE

The Council of the previous Port Nolloth Municipality has entered into an agreement with Aukwatowa (Pty) Ltd on 15 September 2000 to create a residential development (Kai-Kai).

Paragraph 7 of the agreement states that Aukwatowa (Pty) Ltd has the sole discretion to decide on the format of the development, funds required for the development and to manage and conduct the affairs of the development and do whatever necessary to advance the project.

Paragraph 8 of the agreement states the Aukwatowa (Pty) Ltd shall recover any costs payable by the municipality from the Municipality's portion of the profit.

Paragraph 14 of the agreement states that the municipality only share in the profits of the joint venture and the profit of the joint venture shall be calculated upon the sale and transfer of the last stand in the development. Paragraph 14 of the agreement also states that Aukwatowa (Ptyd) Ltd shall provide the municipality with accounting reports upon the sale and transfer of the last stand in the development. Currently, only 54 of 151 have been sold. Profits are to be shared in equal proportions. A statement of income and expenditure was obtained from Prins, du Plessis & Smit Auditors, auditors of Aukwatowa (Pty) Ltd. The statement of income and expenditure stated a nett loss of R6 742 958 for the duration of the project.

As the Richtersveld Municipality only shares in the profits of the joint venture, no provision was made for any share in the nett loss of R6 742 958. It is unclear if the Municipality will receive any economic benefits from the development , as only a portion of the plots have been sold, limited houses were erected and the current economic climate is negative for investors in the property market. The value of the unsold property was R 26 262 760, per municipal valuation roll, on 30 June 2016.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
51. CONTINGENT LIABILITY		
The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
Sightfull 1235 CC	20 750 000	353 735
N7 Tata Werkswinkel CC	-	17 330
JM van Baalen	-	11 245
IG Valentein	-	91 200
	20 750 000	473 509

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay for 9 months once a Final Outcome Report is received, as per clause 7.2.6 of the Collective Agreement. Till date, no Final Outcome Report has been received.

52. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2016				
Councillors				
AM Jansen	10 070	22 658	-	3 436
G Beukes	443	3 975	-	412
LR Ambrosini	3 630	17 636	-	4 954
EN Hausiku	562	4 288	-	375
CF de Lange Richter	9 278	6 886	-	3 081
T Swartbooi	738	2 638	-	324
R Jonker	4 455	5 090	-	1 146
	29 176	63 171	-	13 728
	Rates	Service Charges	Other	Outstanding Balance
Municipal Manager and Section 57 Employees				
DA Farmer	-	12 392	-	1 848
E Cloete	-	19 065	-	1 579
JX Komanisi	-	5 743	11 889	3 017
	-	37 199	11 889	6 444
	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2015				
Councillors				
AM Jansen	9 999	25 881	-	1 857
LR Ambrosini	3 402	17 338	-	1 016
G Beukes	417	4 169	-	916
CF Richter	8 736	8 491	-	244
E Hausiku	529	3 484	-	365
T Swartbooi	695	2 437	-	189
R Jonker	4 195	5 586	-	759
	27 974	67 386	-	5 346
	Rates	Service Charges	Other	Outstanding Balance
Municipal Manager and Section 57 Employees				
DA Farmer	-	13 892	-	1 657
E Cloete	-	21 383	-	2 042
H Cloete	-	-	-	-
S Adams	-	4 159	-	-
IG Valentein	-	-	-	-
	-	39 434	-	3 699

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

52.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

52.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship	2016 R	2015 R
E.C. Losper Contracting	M. Losper	Creditors Clerk	Husband	30 165	149 291
MC Spyseniering	L. Cloete	Human Resorce Clerk	Mother	13 065	4 700
DC Forbes Catering	L. Phillips	Caravan Park Caretaker	Sister	9 600	6 150
Namakwaland Konstruksie	S. Hearne	Payroll Officer	Husband	370 702	-
T & D Caterers	B. Raman	Testing Officer	Mother	10 000	-
				433 532	160 141

53. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

54. FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2016

Reconciliation of Carrying Value								
	Buildings R	Land R	Infrastructure R	Community R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2015	5 682 169	41 645 681	65 343 958	9 616 142	1 209 296	2 435 170	257 463	126 189 880
Cost	11 071 303	42 113 825	113 960 514	15 620 862	2 687 138	8 974 275	583 200	195 011 118
Original Cost	11 071 303	42 113 825	113 960 514	15 620 862	2 687 138	8 974 275	583 200	195 011 118
Accumulated Depreciation and Impairment Losses	(5 389 134)	(468 144)	(48 616 556)	(6 004 720)	(1 477 842)	(6 539 104)	(325 737)	(68 821 238)
Original Cost	(5 389 134)	(468 144)	(48 616 556)	(6 004 720)	(1 477 842)	(6 539 104)	(325 737)	(68 821 238)
Acquisitions	-	-	2 883 627	-	3 064 789	153 715	-	6 102 130
Capital under Construction	-	-	6 077 529	-	-	-	-	6 077 529
Change in Provision for Rehabilitation Cost - IGRAP 2 - Note 4	-	-	2 740 010	-	-	-	-	2 740 010
Depreciation	(234 871)	-	(3 738 523)	(575 043)	(308 642)	(469 044)	(7 024)	(5 333 148)
Normal Depreciation	(234 871)	-	(3 738 523)	(575 043)	(308 642)	(469 044)	(7 024)	(5 333 148)
Carrying value of disposals / write-offs	-	-	-	-	-	(35 772)	-	(35 772)
Cost	-	-	-	-	-	(35 772)	-	(35 772)
Accumulated Depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	(164)	-	-	-	(434 289)	-	(434 453)
Cost	-	(164)	-	-	-	-	-	(164)
Accumulated Impairment Loss	-	-	-	-	-	(434 289)	-	(434 289)
Carrying value at 30 June 2016	5 447 298	41 645 517	73 306 601	9 041 099	3 965 442	1 649 781	250 439	135 306 177
Cost	11 071 303	42 113 661	125 661 680	15 620 862	5 751 926	9 092 218	583 200	209 894 851
Original Cost	11 071 303	42 113 661	125 661 680	15 620 862	5 751 926	9 092 218	583 200	209 894 851
Accumulated Depreciation and Impairment Losses	(5 624 006)	(468 144)	(52 355 079)	(6 579 763)	(1 786 484)	(7 442 437)	(332 761)	(74 588 674)
Original Cost	(5 624 006)	(468 144)	(52 355 079)	(6 579 763)	(1 786 484)	(7 442 437)	(332 761)	(74 588 674)

12.2 30 JUNE 2015

Reconciliation of Carrying Value								
	Buildings R	Land	Infrastructure R	Community R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2014	5 895 458	41 645 681	57 610 468	10 026 275	1 554 793	2 547 562	263 892	119 544 129
Cost	11 070 509	42 113 825	103 442 935	15 510 362	2 691 517	8 615 770	583 200	184 028 118
Original Cost	11 100 509	43 773 800	104 233 865	15 509 576	2 691 517	9 384 597	583 200	187 277 065
Correction of Error - Note 38.2	(30 000)	(1 659 975)	(790 931)	786	-	(768 827)	-	(3 248 947)
Accumulated Depreciation and Impairment Losses	(5 175 051)	(468 144)	(45 832 467)	(5 484 087)	(1 136 724)	(6 068 208)	(319 308)	(64 483 989)
Original Cost	(5 175 643)	(1 525 444)	(44 967 570)	(5 426 100)	(1 445 367)	(6 385 099)	(318 732)	(65 243 955)
Correction of Error - Note 38.2	592	1 057 300	(864 897)	(57 988)	308 642	316 891	(576)	759 966
Acquisitions	795	-	2 320 163	110 500	12 101	688 799	-	3 132 358
Previously stated	795	-	2 320 163	110 500	12 101	617 987	-	3 061 546
Correction of Error - Note 38.2	-	-	-	-	-	70 812	-	70 812
Capital under Construction	-	-	8 223 577	-	-	-	-	8 223 577
Carrying value of disposals	-	-	-	-	(8 170)	-	-	(8 170)
Cost	-	-	-	-	(16 481)	-	-	(16 481)
Accumulated Depreciation	-	-	-	-	8 311	-	-	8 311
Depreciation	(214 083)	-	(2 784 090)	(520 633)	(349 428)	(470 897)	(6 429)	(4 345 560)
Normal Depreciation	(214 083)	-	(2 784 090)	(520 633)	(349 428)	(470 897)	(6 429)	(4 345 560)
Correction of Error - Note 38.2	-	-	-	-	-	-	-	-
Impairment losses	-	-	(26 161)	-	-	(330 294)	-	(356 455)
Accumulated Impairment Loss	-	-	(26 161)	-	-	(330 294)	-	(356 455)
Carrying value at 30 June 2015	5 682 169	41 645 681	65 343 958	9 616 142	1 209 296	2 435 170	257 463	126 189 880
Cost	11 071 303	42 113 825	113 960 514	15 620 862	2 687 138	8 974 275	583 200	195 011 118
Original Cost	11 071 303	42 113 825	113 960 514	15 620 862	2 687 138	8 974 275	583 200	195 011 118
Accumulated Depreciation and Impairment Losses	(5 389 134)	(468 144)	(48 616 556)	(6 004 720)	(1 477 842)	(6 539 104)	(325 737)	(68 821 238)
Original Cost	(5 389 134)	(468 144)	(48 616 556)	(6 004 720)	(1 477 842)	(6 539 104)	(325 737)	(68 821 238)

APPENDIX A
RICHTERSVELD MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2015	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
ANNUITY LOANS								
DBSA	10.00%	101910	31/12/2015	364 462	-	-	(364 462)	-
Total Annuity Loans				364 462	-	-	(364 462)	-
LEASE LIABILITY								
Office Equipment		Various	30/04/2017	127 714	-	-	(65 314)	62 400
Vehicles		Various	31/03/2017	512 854	-	-	(280 181)	232 673
Vehicles		Various	01/07/2019	-	-	3 385 213	-	3 385 213
Data Contracts		Various	30/09/2014	-	-	-	-	-
Total Lease Liabilities				640 569	-	3 385 213	(345 495)	3 680 286
TOTAL EXTERNAL LOANS				1 005 030	-	3 385 213	(709 956)	3 680 286

APPENDIX B
RICHTERSVELD MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
			Governance and Administration			
1 205 634	(5 746 495)	(4 540 860)	Executive and council	393 294	(5 312 785)	(4 919 490)
11 009 248	(5 203 748)	5 805 500	Budget and treasury office	11 518 880	(5 240 575)	6 278 305
19 950 188	(11 612 276)	8 337 912	Corporate Services	19 061 121	(13 088 122)	5 972 999
			Community and Public Safety			
1 391 436	(3 425 175)	(2 033 739)	Community and Social Services	1 516 470	(3 699 701)	(2 183 232)
1 194 585	(2 590 641)	(1 396 056)	Sport and Recreation	1 077 953	(3 084 440)	(2 006 486)
-	(59 906)	(59 906)	Public Safety	-	(68 095)	(68 095)
14 797	(198 156)	(183 359)	Housing	10 066	(172 366)	(162 300)
(3 395)	(65 120)	(68 515)	Health	(4 633)	(412 771)	(417 404)
			Economic and Environmental Services			
-	-	-	Planning & Development	-	-	-
7 243 203	(5 551 927)	1 691 276	Road Transport	5 326 103	(6 794 814)	(1 468 711)
-	-	-	Environmental Protection	-	-	-
			Trading Services			
9 079 680	(11 802 589)	(2 722 909)	Electricity	10 293 387	(13 705 323)	(3 411 935)
5 973 756	(5 383 690)	590 066	Water	5 873 672	(5 393 896)	479 776
5 342 371	(2 735 400)	2 606 971	Waste Water Management	2 870 416	(2 933 239)	(62 823)
2 915 629	(2 983 723)	(68 094)	Waste Management	2 945 035	(3 419 592)	(474 558)
-	-	-	Other	-	-	-
65 317 132	(57 358 846)	7 958 286	Sub Total	60 881 764	(63 325 720)	(2 443 956)
-	-	-	Less Inter-Departmental Charges	-	-	-
65 317 132	(57 358 846)	7 958 286	Total	60 881 764	(63 325 720)	(2 443 956)

APPENDIX C
RICHTERSVELD MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL VOTES CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
			Executive and Council			
1 163 698	(4 307 635)	(3 143 938)	Council General Expenses	85 427	(3 846 703)	(3 761 276)
41 937	(1 438 859)	(1 396 923)	Municipal Manager	307 867	(1 466 081)	(1 158 214)
			Administration: Corporate			
19 436 543	(10 036 282)	9 400 261	Administration.	18 957 151	(12 193 311)	6 763 840
(3 395)	(65 120)	(68 515)	Health Services	(4 633)	(412 771)	(417 404)
1 063 527	(3 344 858)	(2 281 331)	Library	1 180 401	(3 618 610)	(2 438 208)
524 394	(481 668)	42 726	Offices	85 343	(547 978)	(462 635)
			Administration: Community			
(10 749)	(1 094 326)	(1 105 075)	Properties	18 626	(346 833)	(328 207)
336 093	(18 041)	318 052	Commonage	335 206	(18 211)	316 995
6 837	(29 001)	(22 164)	Cemetery	6 326	(30 981)	(24 655)
-	(169 222)	(169 222)	Housing Scheme 4	-	(141 457)	(141 457)
14 797	(28 934)	(14 137)	Housing Scheme 5	10 066	(30 909)	(20 843)
-	(59 906)	(59 906)	Fire Brigade	-	(68 095)	(68 095)
(19 384)	(1 406 975)	(1 426 359)	Workshop	(35 595)	(1 671 347)	(1 706 942)
			Administration: Sport & Recreation			
-	(80 559)	(80 559)	Beaches	-	(149 111)	(149 111)
1 182 407	(2 279 308)	(1 096 901)	Caravan Park	1 073 481	(2 347 573)	(1 274 092)
9 689	(193 750)	(184 062)	Community Gym	7 299	(206 753)	(199 454)
(15 021)	(33 275)	(48 296)	Museum	(5 463)	(31 900)	(37 363)
2 489	(25 554)	(23 064)	Recreational Park	(2 827)	(377 742)	(380 569)
			Financial Services			
2 805 438	(3 808 654)	(1 003 216)	Administration	2 356 269	(2 403 103)	(46 833)
8 203 810	(1 395 094)	6 808 716	Assessment Rates	9 162 611	(2 837 473)	6 325 138
			Infrastructure			
9 079 680	(11 802 589)	(2 722 909)	Electricity Service	10 293 387	(13 705 323)	(3 411 935)
2 915 629	(2 983 723)	(68 094)	Refuse Removal	2 945 035	(3 419 592)	(474 558)
7 216 038	(3 864 185)	3 351 853	Roads & Storm water	5 249 615	(4 795 750)	453 865
5 342 371	(2 735 400)	2 606 971	Sewerage Service	2 870 416	(2 933 239)	(62 823)
-	(11 470)	(11 470)	Sport Ground	-	(3 261)	(3 261)
46 549	(280 767)	(234 218)	Vehicle Testing	112 083	(327 718)	(215 635)
5 973 756	(5 383 690)	590 066	Water Service	5 873 672	(5 393 896)	479 776
65 317 132	(57 358 846)	7 958 286	Sub Total	60 881 764	(63 325 720)	(2 443 956)
-	-	-	Less Inter-Departmental Charges	-	-	-
65 317 132	(57 358 846)	7 958 286	Total	60 881 764	(63 325 720)	(2 443 956)

APPENDIX D
RICHTERSVELD MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2015	Correction of Error	Restated Balance 30 June 2015	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2016	Unspent 30 June 2016 (Creditor)	Unpaid 30 June 2016 (Debtor)
<u>National Government Grants</u>										
Equitable Share	-	-	-	13 401 000	-	(13 401 000)	-	-	-	-
Finance Management Grant	105 458	-	105 458	1 800 000	(105 000)	(1 568 025)	(121 838)	110 595	110 595	-
Municipal System Improvement Grant	42 213	-	42 213	930 000	(42 000)	(736 502)	-	193 711	193 711	-
Municipal Infrastructure Grant	13 680	-	13 680	5 018 000	(14 000)	(90 730)	(5 087 790)	(160 840)	-	(160 840)
Integrated National Electrification Grant	-	-	-	800 000	-	(90 842)	(82 080)	627 078	627 078	-
Total National Government Grants	161 351	-	161 351	21 949 000	(161 000)	(15 887 099)	(5 291 707)	770 544	931 384	(160 840)
<u>Provincial Government Grants</u>										
Library	44 229	-	44 229	1 208 000	-	(1 134 130)	(69 809)	48 290	48 290	-
Expanded Public Works Programme	36 844	-	36 844	1 000 000	(37 000)	(1 013 294)	-	(13 451)	-	(13 451)
Accelerated Infrastructure Programme	47 067	-	47 067	-	-	-	-	47 067	47 067	-
Total Provincial Government Grants	128 139	-	128 139	2 208 000	(37 000)	(2 147 424)	(69 809)	81 906	95 357	(13 451)
<u>District Municipality</u>										
Namakwa District Municipality	58	-	58	170 000	-	(170 027)	-	31	31	-
Total District Municipality Grants	58	-	58	170 000	-	(170 027)	-	31	31	-
<u>Other Grant Providers</u>										
Alexkor	-	-	-	100 000	-	(34 391)	-	65 609	65 609	-
Total Other Grant Providers	-	-	-	100 000	-	(34 391)	-	65 609	65 609	-
Total Grants										
	289 547	-	289 547	24 427 000	(198 000)	(18 238 941)	(5 361 516)	918 090	1 092 381	(174 291)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.